



United States Department of Agriculture

Rural Development



538 Guaranteed Rural Rental Housing Program

www.rurdev.usda.gov/me

◆ OBJECTIVE

Provide loan guarantees to eligible lenders to assist rural Maine households in obtaining affordable rental housing

◆ ELIGIBLE LENDERS

- ◆ A state or local housing finance agency or member of the Federal Home Loan Bank
- ◆ HUD, Fannie Mae, or Freddie Mac approved lenders for multi family housing loans
- ◆ Any lender that can demonstrate the ability to originate, underwrite, manage, and close loans and dispose of property

◆ ELIGIBLE PROPERTIES

- ◆ New Construction
- ◆ Acquisition with substantial rehabilitation of at least \$15,000 per unit
- ◆ Conversion of space to new units with substantial rehabilitation of at least \$15,000 per unit
- ◆ Must be located in a rural area as defined by Rural Development
- ◆ Applications are accepted in accordance with the "Notice of Funding Availability (NOFA)" which is published annually in the federal register. The NOFA outlines timeframes and requirements for submitting an application which is rated competitively in order to select recipients.

◆ ELIGIBLE BORROWERS

- ◆ Individuals
- ◆ Partnerships, including limited partnerships
- ◆ State or local public agencies
- ◆ Profit and non-profit corporations
- ◆ Trusts
- ◆ Indian Tribes

◆ LOAN PURPOSES

- ◆ Buy and improve land on which the buildings are to be located
- ◆ Provide streets, water and waste disposal systems

- ◆ Provide appropriate recreation and service facilities
- ◆ Install laundry facilities and equipment
- ◆ Landscaping and other measures to make the housing an attractive addition to the community
- ◆ To provide housing for tenants with incomes up to 115% of the area median income

◆ RATES & TERMS

- ◆ Lender negotiates interest rate with borrower. Priority is given to proposals with interest rates less than 300 basis points over the 10-year Treasury Bond Yield
- ◆ Subsidized rates are available to a limited number of applicants
- ◆ Loan terms of up to 40 years
- ◆ Up to 90% of the loan may be guaranteed

◆ FEES

- ◆ \$2,500 Application Fee due when the application is submitted
- ◆ Initial Guarantee Fee equal to 1% of total loan guarantee due when guarantee is issued
- ◆ Annual Guarantee Fee equal to 0.5% of the outstanding principal and interest of the loan

For more information regarding the 538 Direct Rural Rental Housing Program visit our web site at www.rurdev.usda.gov/me, or contact the **Rural Development Area Office** serving your county:

State Office

Dale D. Holmes, Program Director
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Bangor, ME 04402-0405
Tel: (207) 990-9110

Bangor Area Office

28 Gilman Plaza, Suite 3
Bangor, ME 04401
Tel: (207) 990-3676, ext. 4

Somerset, Piscataquis, Penobscot,
Hancock, Waldo

Presque Isle Area Office

99 Fort Fairfield Road
Presque Isle, ME 04769-5015
Tel: (207) 764-4155, ext. 4

Aroostook, Washington,
& Northern Penobscot

Lewiston Area Office

254 Goddard Road
P O Box 1938
Lewiston, ME 04241-1938
Tel: (207) 753-9400, ext. 200

Franklin, Oxford, Kennebec, Sagadahoc,
Androscoggin, Cumberland, York, Lincoln,
Knox
